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THE Farm Income SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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OUTLOOK FOR 1951

Farmers' net income in 1951 may equal the 1947 record; but their income will not buy so much as it did four years ago, and they will not get so large a share of the national income.

Realized net incomes of farm operators declined in 1948, 1949 and 1950. This year, however, they may come close to the 1947 total of 17.8 billion dollars, while nonfarm personal income (which has set a new record every year since 1940) is expected to set another record at least 25 percent higher than it was in 1947. If prices paid by farmers for commodities they use for family living remain at present levels throughout the rest of this year, a net income equal to that in 1947 would buy 12 percent less goods and services than the same income actually did buy at 1947 price levels.

Farm production expenses are rising along with gross farm income to a new record high; but the percentage increase from 1950 to 1951 is expected to be almost twice as large for gross income as for expenses. Cash receipts from farm marketings, the principal element in farmers' gross income, may be up about one-fourth from the 1950 total of 27.9 billion dollars. If growing conditions are average, the total volume of farm marketings will be larger than last year and may equal the all-time record volume of sales in 1949. But the increase in farmers' cash receipts this year will be due more to generally higher prices of farm products, than to a larger volume. Prices so far in 1951 have been 20 percent higher than the average for all of 1950.

Cash receipts will be up considerably this year for both crops and livestock, with prospects for livestock on the whole somewhat more favorable than for crops. If the production goal for cotton is achieved, and if other crop yields are average, the total volume of crop marketings may be 10 percent larger than last year's volume. Total sales of livestock and livestock products are expected to show a smaller increase. However, the increase in average prices for 1951 over 1950 is expected to be generally somewhat larger in the livestock group. With the possible exception of fruits and tobacco, cash receipts are likely to be substantially higher for all of the major commodity groups. For individual commodities, the largest percentage increases may be in cotton, wool, and flaxseed.

In addition to cash receipts from marketings, farmers' gross income includes the value of home-produced food and fuel, the rental value of farm dwellings, and Government payments. All except Government payments are likely to be higher in 1951 than in 1950; and the expected increase in total gross farm income is almost proportionate to that in cash receipts.

The total cost of farm production will probably be from 10 to 15 percent higher in 1951 than in 1950; and practically all items of expense are contributing to this rise. The biggest cost increases--mostly around 10 or 20 percent--are expected in expenditures for purchased feed and livestock, hired labor, motor-vehicle operating costs, rents, short-term interest charges and in a few miscellaneous items such as ginning costs. Smaller increases of not more than 10 percent seem likely in the case of taxes, farm-mortgage interest payments, expenditures for fertilizer, and charges for depreciation on farm capital.

Higher costs of production, therefore, will offset part of the expected increase in farmers' gross income for 1951; but the greater part of this increase will probably be reflected in their net income. As a result, farmers' realized net income may be up 30 percent or more from last year's postwar low of 13.0 billion dollars.

In a period of falling demand and generally lower prices, farmers' prices and gross incomes usually decline sooner, faster, and farther than the nonfarm prices which go to make up their costs of production. Consequently, their net incomes are very sharply reduced--as in 1948 and 1949. When demand and prices generally are rising, on the other hand, the process is reversed; and farmers' net incomes may recover rapidly under those conditions--as seems likely in 1951.

PRELIMINARY MONTHLY ESTIMATES

Cash Receipts, January-May

Cash receipts from farm marketings in the first 5 months of 1951 are estimated at 10.7 billion dollars, 17 percent more than in the corresponding period of 1950. Prices probably averaged about 30 percent above the first 5 months of 1950, but marketings were lower. Prices farmers paid for commodities used in production during the first 4 months averaged 14 percent higher than for the similar period last year.

Farmers received about 7.6 billion dollars from marketings of livestock and products in the 5-month period, 25 percent more than last year. Prices probably averaged 31 percent higher than a year ago, but marketings were slightly lower. Receipts from meat animals, dairy products and poultry and eggs were all substantially greater than last year. Crop receipts totaled about 3.1 billion dollars, nearly the same as a year ago, with prices showing an average gain of 26 percent. Cotton, soybeans, and truck crops were up noticeably but wheat, corn, tobacco, and fruits were lower.

Cash Receipts in May

Total receipts from marketings in May were around 2.2 billion dollars, 7 percent more than in April and about 16 percent above the same month last year. The increase over April was due to larger marketings, but higher prices accounted for the gain over a year ago. Livestock receipts were about 1.6 billion dollars, 8 percent above April because of larger marketings. The gain of 16 percent over last May, however, was due to higher average prices, particularly for meat animals and poultry and eggs. Larger marketings as well as higher prices increased dairy receipts by perhaps 18 percent over last May.

Crop receipts in May were around 0.5 billion dollars, about the same as in April, but 15 percent more than in May 1950. A slight decline in average prices was probably offset by larger marketings as compared with April of this year, but higher prices accounted for the gain over last May. Corn, flaxseed, soybeans, truck crops, and fruits probably showed significant increases over April, with cotton, peanuts, and potatoes down seasonally. The gain over last May arose mainly from increases in receipts from corn, cotton, soybeans, and truck crops.

Table 1.- Cash receipts from farming, United States

Source	February 1950 1/	February 1951 1/	March 1950 1/	March 1951	January-March 1950 1/	January-March 1951 1/
	Mil.dol.	Mil.dol.	Mil.dol.	Mil.dol.	Mil.dol.	Mil.dol.
Farm marketings and CCC loans 2/	1,644	1,901	1,718	2,071	5,622	6,505
Livestock and products	1,063	1,344	1,240	1,548	3,464	4,460
Meat animals	595	770	662	834	1,943	2,604
Dairy products	262	317	306	366	839	1,007
Poultry and eggs	197	247	262	327	653	807
Other	9	10	10	21	29	42
Crops	581	557	478	523	2,158	2,045
Food grains	83	60	64	56	278	223
Feed crops	191	136	139	134	643	503
Cotton (lint and seed)	72	99	23	58	319	372
Oil-bearing crops	18	20	15	28	67	82
Tobacco	18	22	14	11	182	165
Vegetables	81	98	80	95	270	288
Fruits and tree nuts	67	62	71	62	205	185
Other	51	60	72	79	194	227
Government payments	18	26	32	52	82	107
Total cash receipts	1,662	1,927	1,750	2,123	5,704	6,612

Table 2.- Index numbers of cash receipts from farm marketings and CCC loans, physical volume of farm marketings, and prices received by farmers, United States (1935-39 = 100)

Item	February 1950 1/	February 1951 1/	March 1950 1/	March 1951	January-March 1950 1/	January-March 1951 1/
Cash receipts from farm marketings and CCC loans 2/:						
All commodities	245	284	255	308	279	323
Livestock and products	276	349	321	401	300	386
Crops	203	194	167	183	252	238
Physical volume of farm marketings:						
All commodities	111	104	112	111	126	118
Livestock and products	125	123	143	141	137	138
Crops	92	79	72	71	111	92
Prices received by farmers:						
All commodities	221	291	221	290	220	287
Livestock and products	224	296	225	299	222	292
Crops	218	286	218	279	219	281

1/ Cash receipts and physical volume of livestock and products revised.
2/ Receipts from loans represent value of loans minus value of redemptions during the month.

Table 3.- Cash receipts from farm marketings, by States, March 1950-51

State and region	Livestock and products		Crops		Total	
	1950 1/	1951	1950	1951	1950 2/	1951
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine	6,218	7,692	12,737	10,404	18,955	18,096
New Hampshire	4,270	5,342	1,238	1,210	5,508	6,552
Vermont	6,613	8,256	2,316	2,085	8,929	10,341
Massachusetts	9,849	12,262	3,906	3,717	13,755	15,979
Rhode Island	1,313	1,485	396	458	1,709	1,943
Connecticut	7,808	10,113	6,645	5,529	14,453	15,642
New York	46,996	54,383	14,892	14,234	61,888	68,617
New Jersey	15,916	21,033	3,502	3,798	19,418	24,831
Pennsylvania	45,469	56,695	13,245	12,738	58,714	69,433
North Atlantic Region	144,452	177,261	58,877	54,173	203,329	231,434
Ohio	54,567	70,927	16,724	17,967	71,291	88,894
Indiana	56,945	73,352	16,486	12,326	73,431	85,678
Illinois	85,761	108,575	48,368	41,482	134,129	150,057
Michigan	33,230	41,172	13,403	12,992	46,633	54,164
Wisconsin	70,701	90,056	8,753	6,942	79,454	96,998
East North Central Region	301,204	384,082	103,734	91,709	404,938	475,791
Minnesota	73,358	91,270	17,385	15,323	90,743	106,593
Iowa	128,179	164,161	22,037	18,902	150,216	183,063
Missouri	55,358	69,563	8,476	10,230	63,834	79,793
North Dakota	8,821	10,405	14,136	18,119	22,957	28,524
South Dakota	23,014	28,148	6,866	8,311	29,880	36,459
Nebraska	48,386	61,615	10,750	22,879	59,136	84,494
Kansas	46,406	57,354	10,652	14,492	57,058	71,846
West North Central Region	383,522	482,516	90,302	108,256	473,824	590,772
Delaware	7,674	8,828	438	678	8,112	9,506
Maryland	13,861	16,247	2,084	2,375	15,945	18,622
Virginia	17,549	21,152	6,685	7,393	24,234	28,545
West Virginia	5,590	6,636	1,180	1,540	6,770	8,176
North Carolina	11,848	14,099	7,136	6,061	18,984	20,160
South Carolina	5,414	6,763	2,634	2,570	8,048	9,333
Georgia	16,492	20,560	4,631	10,256	21,123	30,816
Florida	8,308	9,276	51,858	47,262	60,166	56,538
South Atlantic Region	86,736	103,561	76,646	78,135	163,382	181,696
Kentucky	18,421	22,522	5,792	5,622	24,213	28,144
Tennessee	15,523	19,078	5,888	9,793	21,411	28,871
Alabama	10,619	12,647	3,540	7,313	14,159	19,960
Mississippi	8,665	9,944	4,419	16,412	13,084	26,356
Arkansas	12,431	15,278	6,371	14,229	18,802	29,507
Louisiana	7,671	8,916	3,493	6,492	11,164	15,408
Oklahoma	25,449	31,229	5,768	50	31,217	31,279
Texas	63,611	80,495	24,175	9,252	87,786	89,747
South Central Region	162,390	200,109	59,446	69,163	221,836	269,272
Montana	8,118	10,738	7,812	11,166	15,930	21,904
Idaho	10,270	13,699	9,318	9,431	19,588	23,130
Wyoming	3,343	5,214	1,321	2,062	4,664	7,276
Colorado	23,373	27,456	7,180	10,180	30,553	37,636
New Mexico	5,762	6,967	911	2,392	6,673	9,359
Arizona	6,792	7,806	6,273	11,788	13,065	19,594
Utah	7,721	9,943	1,629	1,900	9,350	11,843
Nevada	2,775	3,601	381	686	3,156	4,287
Washington	14,775	18,770	12,189	15,035	26,964	33,805
Oregon	11,019	13,735	6,584	951	17,603	14,686
California	67,489	82,517	35,702	56,274	103,191	138,791
Western Region	161,437	200,446	89,300	121,865	250,737	322,311
United States	1,239,741	1,547,975	478,305	523,301	1,718,046	2,071,276

1/ Revised.
2/ Includes revision for livestock and products.

Table 4.- Cash receipts from farm marketings, by States, January-March 1950-51

State and region	Livestock and products		Crops		Total	
	1950 1/	1951 1/	1950	1951	1950 2/	1951 2/
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine	17,893	20,979	33,234	26,494	51,127	47,473
New Hampshire	11,969	14,659	3,276	3,458	15,245	18,117
Vermont	17,981	24,301	5,124	4,999	23,105	29,300
Massachusetts	27,845	34,116	12,484	11,690	40,329	45,806
Rhode Island	3,535	4,095	1,168	1,183	4,703	5,278
Connecticut	22,382	28,285	18,786	16,428	41,168	44,713
New York	128,762	161,849	44,039	45,074	172,801	206,923
New Jersey	43,463	56,216	9,391	10,220	52,854	66,436
Pennsylvania	125,089	158,170	34,856	46,268	159,945	204,438
North Atlantic Region	398,919	502,670	162,358	165,814	561,277	668,484
Ohio	143,016	188,438	53,866	51,105	196,882	239,543
Indiana	154,400	203,049	57,323	41,572	211,723	244,621
Illinois	243,029	317,709	183,487	126,888	426,516	444,597
Michigan	88,805	113,650	48,607	40,038	137,412	153,688
Wisconsin	192,184	249,889	27,774	26,562	219,958	276,451
East North Central Region	821,434	1,072,735	371,057	286,165	1,192,491	1,358,900
Minnesota	199,806	261,611	79,550	49,822	279,356	311,433
Iowa	401,202	535,579	113,221	76,041	514,423	611,620
Missouri	152,714	198,528	30,798	41,171	183,512	239,699
North Dakota	24,505	31,050	40,259	58,181	64,764	89,231
South Dakota	75,517	99,036	27,032	30,369	102,549	129,405
Nebraska	147,663	195,134	69,443	86,341	217,106	281,475
Kansas	141,530	186,027	77,790	50,486	219,320	236,513
West North Central Region	1,142,937	1,506,965	438,093	392,411	1,581,030	1,899,376
Delaware	20,080	24,519	1,475	2,117	21,555	26,636
Maryland	38,766	46,895	6,334	7,317	45,100	54,212
Virginia	44,885	55,767	33,932	36,343	78,817	92,110
West Virginia	15,661	18,724	5,211	6,134	20,872	24,858
North Carolina	31,513	38,749	27,087	30,030	58,600	68,779
South Carolina	14,801	18,519	10,953	13,196	25,754	31,715
Georgia	45,701	57,200	19,074	28,506	64,775	85,706
Florida	25,447	28,974	130,809	136,489	156,256	165,463
South Atlantic Region	236,854	289,347	234,875	260,132	471,729	549,479
Kentucky	50,298	64,309	110,131	89,318	160,429	153,627
Tennessee	41,768	52,257	46,650	50,729	88,418	102,986
Alabama	28,667	34,579	14,205	24,818	42,872	59,397
Mississippi	24,250	28,981	20,179	62,941	44,429	91,922
Arkansas	34,141	42,456	30,989	47,900	65,130	90,356
Louisiana	22,792	27,505	28,426	34,677	51,218	62,182
Oklahoma	69,603	88,502	52,706	14,582	122,309	103,084
Texas	154,982	193,745	234,086	137,898	389,068	331,643
South Central Region	426,501	532,334	537,372	462,863	963,873	995,197
Montana	23,977	31,067	25,035	38,073	49,012	69,140
Idaho	29,375	37,765	36,055	37,916	65,430	75,681
Wyoming	10,032	13,750	5,970	6,103	16,002	19,853
Colorado	65,558	80,586	41,866	36,432	107,424	117,018
New Mexico	13,787	16,442	14,770	15,695	28,557	32,137
Arizona	18,014	21,760	38,487	49,295	56,501	71,055
Utah	21,983	27,816	6,561	6,163	28,544	33,979
Nevada	7,830	10,216	1,377	2,197	9,207	12,413
Washington	38,632	47,689	51,070	56,407	89,702	104,096
Oregon	33,341	42,488	25,499	18,050	58,840	60,538
California	174,929	220,550	167,803	210,880	342,732	431,430
Western Region	437,458	550,129	414,493	477,211	851,951	1,027,340
United States	3,464,103	4,454,180	2,158,248	2,044,596	5,622,351	6,498,776

1/ Revised.
2/ Includes revision for livestock and products.